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July 25, 2007

The Honorable Chairman and Members of the  
Hawaii Public Utilities Commission  
465 South King Street  
Kekuanaoa Building, 1<sup>st</sup> Floor  
Honolulu, Hawaii 96813

FILED  
2007 JUL 25 P 4:13  
PUBLIC UTILITIES  
COMMISSION

Dear Commissioners:

Subject: Docket No. 2006-0386  
HECO 2007 Test Year Rate Case – June 2007 Updates – Set #5

Enclosed is the fifth set of updates to Hawaiian Electric Company, Inc.'s ("HECO") 2007 test year estimates reflected in the Application, Direct Testimonies, Exhibits and Workpapers filed with the Commission on December 22, 2006. This set includes updates to the following:

- HECO T-6 – Dan V. Giovanni (supplement)
- HECO T-12 – Julie K. Price (supplement)
- HECO T-15 – Lon K. Okada (supplement)
- HECO T-16 – Ken T. Morikami (supplement)
- HECO T-17 – Gayle T. Ohashi (supplement)
- HECO T-19 – Tayne S. Y. Sekimura

These updates describe and incorporate adjustments that the Company discussed in its responses to information requests from the Consumer Advocate and the Department of Defense.

Very truly yours,

Dean K. Matsuura  
Director, Regulatory Affairs

Enclosure

cc: Division of Consumer Advocacy  
Sawvel & Associates, Inc.  
Utilitech, Inc.  
Dr. Khojasteh Davoodi  
Ralph Smith, Larkin & Associates  
Randall Y.K. Young, Esq. (w/o enclosure)

Supplement to the JUNE 29, 2007 UPDATE filing for HECO T-6

Other Production Operations & Maintenance Expenses

For HECO T-6 an adjustment to increase the 2007 Test Year Other Production Operations and Maintenance ("O&M") expense by \$1,152,000 is being made. This adjustment is the net of:

1. Operator Overtime expense	(\$ 77,000)
2. Environmental Outside Services expense	(\$126,000)
3. Steam Turbine Overhaul expense	\$1,557,000
4. Smart Signal expense	<u>(\$202,000)</u>
Net Adjustment	<u>\$1,152,000</u>

The adjustments are summarized in Attachment 1 to this update. The discussions below will provide greater detail on the updates and the financial impacts these changes have to the Other Production O&M 2007 test year estimate. The revised updated Other Production O&M expense for test year 2007 is \$70,077,000.

OPERATOR OVERTIME EXPENSE UPDATE

The adjustment for Operator Overtime expense is a revised decrease of \$402,000 from a previous reported decrease of \$325,000 in Production Operations Labor expense. The additional reduction of \$77,000 is shown in Attachment 1 to this update on page 2. The calculation of the revised decrease is described in detail in HECO's response to CA-IR-232, Revised 07-13-07. The revised Production Operations Labor expense for test year 2007 is \$13,959,000.

ENVIRONMENTAL OUTSIDE SERVICES EXPENSE UPDATE

A reduction of \$126,000 in Environmental outside services expenses by \$126,000 is proposed and shown in Attachment 1 to this update on page 3. See CA-IR-344 for a detailed explanation of the revised amounts for Environmental EE 508 expense items. The revised Production Operations Non-Labor expense for test year 2007 is \$15,564,000.

STEAM TURBINE OVERHAUL EXPENSE UPDATE

HECO is proposing an increase of \$1,557,000 to the test year estimate for Production Maintenance Non-Labor to correct for the "oversight" associated with the exclusion of steam turbine overhaul expenses. See CA-IR-488 for a detailed explanation. This adjustment is shown in Attachment 1 to this update on page 4.

SMARTSIGNAL EXPENSE UPDATE

HECO is proposing a reduction of \$202,000 for the removal of \$299,000 SmartSignal expense and the inclusion of \$97,000 in equipment condition monitoring (ECM) expense. See DOD-IR-121 for a detailed explanation of this proposed reduction. The adjustment is shown in Attachment 1 to this update on page 5. The revised Production Maintenance Non-Labor expense for test year 2007 as a result of the steam turbine overhaul expense adjustment and SmartSignal adjustment is \$25,246,000.

HAWAIIAN ELECTRIC COMPANY, INC.  
2007 RATE CASE (\$1000'S)

	JUNE 2007 UPDATE (1)	REVISED 2007 UPDATE Oper OT ADD ADJ	REVISED 2007 UPDATE Env Srvcs ADJUST	REVISED 2007 UPDATE Turb OH ADJUST	REVISED 2007 UPDATE SmartSig ADJUST	REVISED 2007 UPDATE TOTAL ADJUST	REVISED 2007 UPDATE 2007TY
D. Giovanni							
<b>OTHER PRODUCTION O&amp;M EXPENSE</b>							
<b>PRODUCTION OPERATIONS</b>							
LABOR	14,036	(77)	0	0	0	(77)	13,959
NON-LABOR	15,690	0	(126)	0	0	(126)	15,564
<b>TOTAL</b>	<b>29,726</b>	<b>(77)</b>	<b>(126)</b>	<b>0</b>	<b>0</b>	<b>(203)</b>	<b>29,523</b>
<b>PRODUCTION MAINTENANCE</b>							
LABOR	15,308	0	0	0	0	0	15,308
NON-LABOR	23,891	0	0	1,557	(202)	1,355	25,246
<b>TOTAL</b>	<b>39,199</b>	<b>0</b>	<b>0</b>	<b>1,557</b>	<b>(202)</b>	<b>1,355</b>	<b>40,554</b>
<b>OTHER PRODUCTION O&amp;M -- TOTAL</b>							
LABOR	29,344	(77)	0	0	0	(77)	29,267
NON-LABOR	39,581	0	(126)	1,557	(202)	1,229	40,810
<b>TOTAL</b>	<b>68,925</b>	<b>(77)</b>	<b>(126)</b>	<b>1,557</b>	<b>(202)</b>	<b>1,152</b>	<b>70,077</b>

NOTE: (1) See June 2007 Update, Attachment 1, page 1 for updated amounts.

JUNE 2007 UPDATE  
 DOCKET NO. 2006-0386  
 HECO T-6  
 SUPPLEMENTAL FILING  
 ATTACHMENT 1  
 PAGE 1 OF 5  
 JULY 25, 2007

HAWAIIAN ELECTRIC COMPANY, INC.  
2007 RATE CASE (\$1000S)

Operation - OT Adjustment

ADJUST

D. Giovanni

**PRODUCTION O & M EXPENSE**

PRODUCTION OPER

LABOR (77)

NON-LABOR

TOTAL (77)

PRODUCTION MAINT

LABOR

NON-LABOR

TOTAL

PRODUCTION - TOTAL

LABOR (77)

NON-LABOR

TOTAL (77)

NOTE: See CA-IR-232, Attachment 1, for detailed calculations.

HAWAIIAN ELECTRIC COMPANY, INC.  
2007 RATE CASE (\$1000S)

Environmental Services

ADJUST

D. Giovanni

**PRODUCTION O & M EXPENSE**

PRODUCTION OPER

LABOR

NON-LABOR

(126)

TOTAL

(126)

PRODUCTION MAINT

LABOR

NON-LABOR

TOTAL

PRODUCTION - TOTAL

LABOR

NON-LABOR

(126)

TOTAL

(126)

NOTE: See CA-IR-344 for further explanation.

HAWAIIAN ELECTRIC COMPANY, INC.  
2007 RATE CASE (\$1000S)

Turbine Overhaul Cost

ADJUST

D. Giovanni

**PRODUCTION O & M EXPENSE**

PRODUCTION OPER

LABOR

NON-LABOR

TOTAL

PRODUCTION MAINT

LABOR

NON-LABOR

1,557

TOTAL

1,557

PRODUCTION - TOTAL

LABOR

NON-LABOR

1,557

TOTAL

1,557

NOTE: See CA-IR-488 for further explanation.

HAWAIIAN ELECTRIC COMPANY, INC.  
2007 RATE CASE (\$1000S)

Smart Signal

ADJUST

D. Giovanni

**PRODUCTION O & M EXPENSE**

PRODUCTION OPER

LABOR

NON-LABOR

TOTAL

PRODUCTION MAINT

LABOR

NON-LABOR

(202)

TOTAL

(202)

PRODUCTION - TOTAL

LABOR

NON-LABOR

(202)

TOTAL

(202)

NOTE: See DOD-IR-121 for further explanation.



Supplement to the June 2007 Update for HECO T-12

Administrative and General (A&G) Expenses – Employee Benefits

The updated calculations for the test year employee benefit expenses in Account No. 926000 and 926010 were provided in the response to CA-IR-298. The revised updated A&G expenses for employee benefits were submitted in the June 2007 Update for HECO T-12 on June 15, 2007.

The updated estimates have been revised to reflect the following:

1. Revision to the Group Medical Plan cost

The estimate of medical plan expenses in HECO-1211 was revised to reflect the updated average number of covered employees for the test year of 1,552 (from 1,553), per HECO T-14 June 2007 Update, pages 3-4. See page 2 for the revised HECO-1211. The revised updated estimate for the Group Medical Plan is \$8,425,000 compared to \$8,431,000 that was included in the June 2007 Update for HECO T-12. See Exhibit 1, Line 10 (revised 7-25-07). The estimates for the other employee benefit expenses, such as Flex Plan Credits Less Prices, Group Dental, Group Vision, Group Life Insurance and Long-Term Disability were not significantly impacted by this change.

2. Revision to Employee Benefits Transferred

The estimate of Employee Benefits Transferred in Account No. 926020 was revised from \$10,471,000 to \$10,461,000, as discussed in HECO T-10 June 2007 Update Supplemental Filing, page 2 (July 23, 2007).

CA-IR-298  
DOCKET NO. 2006-0386  
ATTACHMENT 4  
PAGE 1 OF 1

HECO-1211  
DOCKET NO. 2006-0386  
PAGE 1 OF 1  
(UPDATED: 06/13/07)

Hawaiian Electric Co., Inc.  
**Calculation of Medical Expense**  
2007

PLAN	COVERAGE	1 % OF PARTICIPATION 1/1/2007	2 PROJECTED PARTICIPATION 2007	3 2007 MONTHLY PREMIUM RATES	4 MONTHLY PREMIUM FOR 2007 PARTICIPATION (2 x 3)	5 2007 ANNUAL PREMIUM
PPP (HMSA)	Single	10.7%	166.1	\$210.41	\$34,949	\$419,388
	S. Parent	2.3%	35.7	\$422.22	\$15,073	\$180,876
	Couple	6.7%	104.0	\$508.10	\$52,842	\$634,104
	Family	20.5%	318.2	\$548.71	\$174,600	\$2,095,200
					<u>\$277,464</u>	<u>\$3,329,568</u>
HPH Plus (HMSA)	Single	11.3%	175.4	\$249.77	\$43,810	\$525,720
	S. Parent	3.7%	57.4	\$482.46	\$27,693	\$332,316
	Couple	6.9%	107.1	\$580.58	\$62,180	\$746,160
	Family	19.8%	307.3	\$631.55	\$194,075	\$2,328,900
					<u>\$327,758</u>	<u>\$3,933,096</u>
Kaiser	Single	4.1%	63.6	\$253.31	\$16,111	\$193,332
	S. Parent	0.5%	7.8	\$486.35	\$3,794	\$45,528
	Couple	2.8%	43.5	\$585.15	\$25,454	\$305,448
	Family	5.2%	80.7	\$638.34	\$51,514	\$618,168
					<u>\$96,873</u>	<u>\$1,162,476</u>
Waive		5.5%	85.2			
		<u>100.0%</u>	<u>1,552</u>		<u>\$702,095</u>	<u>\$8,425,140</u>

778 PHE NE NPFZZZZZ 509

TOTAL HMSA \$7,262,664

778 PHE NE NPFZZZZZ 509

TOTAL Kaiser \$1,162,476

JUNE 2007 UPDATE  
DOCKET NO. 2006-0386  
HECO T-12  
EXHIBIT 1  
PAGE 1 OF 1  
(revised 7-25-07)

HAWAIIAN ELECTRIC COMPANY, INC.  
ADMINISTRATIVE AND GENERAL EXPENSES - Employee Benefits  
(\$1000s)

		HECO-1201					
		(a)	(b)	(c)	(d)	(e)	(f)
		Budget		Normali-	TY Est.	June	Revised
Line	Account Description	2007	Adj	zations	2007	Update	TY Est.
							2007
	926000 Employee Pensions and Benefits						
1	Qualified Pension Plan	17,802	227 <sup>1</sup>		18,029	4,737 a	22,766
2	Non-Qualified Pension Plans	340	-340 <sup>2</sup>		0	0	0
3	Other Postretirement Benefits	8,170	-705 <sup>1 2</sup>		7,465	-1,115 a	6,350
4	Long-Term Disability Benefits	517	-3 <sup>1</sup>		514	-3 b	511
5	Other Benefits/Administration	431	364 <sup>1 2</sup>	-19 <sup>3</sup>	776	-5 c	771
6	Subtotals: Non-Labor	27,260	-457	-19	26,784	3,614	30,398
7	Labor	604	0		604	0	604
8	Total 926000	27,864	-457	-19	27,388	3,614	31,002
	926010 Employee Benefits-Flex Credits						
9	Flex Credits Less Prices	-1,453	7 <sup>1</sup>		-1,446	325 b	-1,121
10	Group Medical Plan	8,511	-51 <sup>1</sup>		8,460	-35 d	8,425
11	Group Dental Plan	1,269	-7 <sup>1</sup>		1,262	-7 b	1,255
12	Group Vision Plan	200	-1 <sup>1</sup>		199	-1 b	198
13	Group Life Insurance Plan	1,244	-6 <sup>1</sup>		1,238	-252 b	986
14	Other/Administration	630	196 <sup>1</sup>		826	0	826
15	Subtotals: Non-Labor	10,401	138	0	10,539	30	10,569
16	Labor	283	-103 <sup>1</sup>		180	0	180
17	Total 926010	10,684	35	0	10,719	30	10,749
18	926020 Employee Benefits Transfer	-10,636	165		-10,471	10 e	-10,461
19	Grand Total Charged to O&M	27,912	-257	-19	27,636	3,654	31,290

<sup>1</sup> Updated estimates

<sup>2</sup> Deleted to limit issues

<sup>3</sup> Normalized consulting costs for negotiations

Line 3: 119 Other postretirement benefits updated for 1,462 employees

-824 Executive life deleted to limit issues

Line 5: -34 HR Suite amortization update

602 Executive life deleted to limit issues

-27 401(k) administration deleted to limit issues

-177 HEI EICP, 401(k) administration, other non-recurring costs deleted to limit issues

Line 14: HR Suite update:

-55 Reduced software maintenance due to project delay

179 Increased consulting, training, additional software

72 Increased software on-cost

Line 16: HR Suite update

Col (e):

a Update to reflect actual 2007 expense

b Update per CA-IR-298

c Delete HR Suite amortization per CA-IR-295

d HECO T-12 June 2007 Update Supplemental Filing 7-25-07

e HECO T-10 June 2007 Update Supplemental Filing 7-23-07

**Supplement to the June 29, 2007 Filing for HECO T-15**

**Taxes Other Than Income Taxes**

The Company's estimate of taxes other than income taxes was revised due to: a) an update of labor costs, which affects payroll tax expense, b) an updated SUTA tax rate, and c) changes in revenue taxes due to the revision of test year estimates of revenues at present and proposed rates. See June 2007 update, HECO T-15, Supplemental Filing, pages 3 and 4.

**Income Tax Expense**

The Company's estimate of income taxes for the test year was revised due to: a) revisions in the test year estimates of revenues and expenses at present, current effective, and proposed rates, b) revisions to the interest expense adjustment for changes in AFUDC, c) a change in the domestic production activities deduction, and d) the addition of the tax effect of the preferred stock dividend deduction. See June 2007 update, HECO T-15, Supplemental Filing, pages 5 and 6.

**Unamortized Net SFAS 109 Regulatory Asset**

The unamortized net SFAS 109 regulatory asset balance has been updated due to the revision of AFUDC. See June 2007 update, HECO T-15, Supplemental Filing, pages 9 and 10.

**Unamortized State Investment Tax Credit ("ITC")**

The State ITC has been updated due to a change in 2007 test year estimate of plant additions. See June 2007 update, HECO T-15, Supplemental Filing, page 7. Note that the state ITC should have been updated for the rescheduling of P0000816 to 2008. The state ITC addition should be \$2,825,000. The correction will be made at the next opportunity.

Accumulated Deferred Income Taxes

Accumulated deferred income taxes have been updated due to: a) the revision of AFUDC, and b) a change in 2007 test year estimate of plant additions. See June 2007 update, HECO T-15, Supplemental Filing, pages 8 and 16 – 19. Note that deferred taxes as of the end of year 2007 should have been updated for the following:

(DR) / CR	SUBMITTED	CORRECTED	DIFFERENCE
State ITC*	(11,703,091.83)	(11,694,842.98)	8,248.85
Account 282 Depr*	63,448,455.67	63,435,425.59	(13,030.08)
Reg Asset - AFUDC			
Equity Grossup**	(1,769,690.25)	(1,776,246.69)	(6,556.44)
TOTAL	49,975,673.59	49,964,335.92	(11,337.67)

\* The change is due to the rescheduling of P0000816.

\*\*The exclusion of deferred tax on regulatory asset of AFUDC Equity Grossup was not updated for the latest AFUDC Equity Grossup.

Thus, average accumulated deferred taxes is overstated by \$6,000. The correction will be made at the next opportunity.

**HAWAIIAN ELECTRIC COMPANY, INC.**  
**TAXES OTHER THAN INCOME TAXES**  
**CHARGED TO OPERATIONS**  
**TEST YEAR 2007**

(\$ Thousand)

	A At Present Rates	B Adjustment	C At Proposed Rates
<b>PAYROLL TAXES</b>			
1 F.I.C.A. Taxes	6,305		6,305
2 Federal Unemployment Taxes	61		61
3 State Unemployment Taxes	-		-
4 Total Payroll Taxes	6,366	-	6,366
<b>REVENUE TAXES</b>			
5 Public Service Company Taxes	79,483	8,985	88,468
6 Public Utility Fees	6,753	763	7,516
7 Franchise Royalty Taxes	33,682	3,796	37,478
8 Total Revenue Taxes	119,918	13,544	133,462
9 TOTAL TAXES OTHER THAN INCOME TAXES	126,284	13,544	139,828

NOTE: This exhibit was filed in response to DOD-IR-101, page 2.

**HAWAIIAN ELECTRIC COMPANY, INC.**  
**TAXES OTHER THAN INCOME TAXES**  
**CHARGED TO OPERATIONS**  
**TEST YEAR 2007**

(\$ Thousand)

	A At Current Effective Rates	B Adjustment	C At Proposed Rates
<b>PAYROLL TAXES</b>			
1 F.I.C.A. Taxes	6,305		6,305
2 Federal Unemployment Taxes	61		61
3 State Unemployment Taxes	-		-
4 Total Payroll Taxes	6,366	-	6,366
<b>REVENUE TAXES</b>			
5 Public Service Company Taxes	82,746	5,722	88,468
6 Public Utility Fees	7,030	486	7,516
7 Franchise Royalty Taxes	35,067	2,411	37,478
8 Total Revenue Taxes	124,843	8,619	133,462
9 TOTAL TAXES OTHER THAN INCOME TAXES	131,209	8,619	139,828

**HAWAIIAN ELECTRIC COMPANY, INC.**  
**COMPUTATION OF INCOME TAX EXPENSE**  
**TEST YEAR 2007**  
(\$ Thousand)

	At Present Rates	Adjustment	At Proposed Rates	References
1 Total Operating Revenues	1,352,464	152,824	1,505,288	
Operating Expenses:				
2 Fuel Oil and Purchased Power	930,746		930,746	
3 Other Operation & Maint Exp	202,077	153	202,230	
4 Depreciation & Amortization	78,763		78,763	
5 Amortization of State ITC	(1,304)		(1,304)	NOTE A
6 Taxes Other Than Income Taxes	126,284	13,544	139,828	NOTE B
7 Other Interest, Net	377		377	
8 Total Operating Expenses	1,336,943	13,697	1,350,640	
9 Operating Income Before Taxes	15,521	139,127	154,648	
Tax Adjustments:				
10 Interest Expense	(30,597)		(30,597)	NOTE C
11 Meals & Entertainment	81		81	HECO-WP-1502
12 Total Tax Adjustments	(30,516)	-	(30,516)	
13 Taxable Income for Rate-Making	(14,995)	139,127	124,132	
14 Composite Effective Income Tax Rate	38.9097744%	38.9097744%	38.9097744%	
Composite Income Tax Expense				
15 before Federal Only Adjustments:	(5,835)	54,134	48,299	
Federal Only Adjustments:				
16 Domestic Production Activities Deduction*	(2,216)		(2,216)	
17 Preferred Stock Dividend Deduction	(66)	-	(66)	CA-IR-467
18 Total Federal Only Adjustments	(2,282)	-	(2,282)	
19 Federal Income Tax Rate	35.00%	35.00%	35.00%	
20 Federal Tax Adjustment	(799)	-	(799)	
21 TOTAL INCOME TAX EXPENSE	(6,634)	54,134	47,500	

\* DPAD is not applicable to present rates, however, it is shown here to facilitate the proper calculation of revenue requirements.

NOTE A: June 2007 update, HECO T-15, Supplemental Filing, page 7.

NOTE B: June 2007 update, HECO T-15, Supplemental Filing, page 3.

NOTE C: June 2007 update, HECO T-15, Supplemental Filing, page 13.

NOTE: This exhibit was filed in response to DOD-IR-101, page 3.



**HAWAIIAN ELECTRIC COMPANY, INC.**  
**COMPUTATION OF INCOME TAX EXPENSE**  
**TEST YEAR 2007**  
(\$ Thousand)

	At Current Effective Rates	Adjustment	At Proposed Rates	References
1 Total Operating Revenues	1,407,970	97,320	1,505,290	
Operating Expenses:				
2 Fuel Oil and Purchased Power	930,746		930,746	
3 Other Operation & Maint Exp	202,133	97	202,230	
4 Depreciation & Amortization	78,763		78,763	
5 Amortization of State ITC	(1,304)		(1,304)	NOTE A
6 Taxes Other Than Income Taxes	131,209	8,619	139,828	NOTE B
7 Other Interest, Net	377		377	
8 Total Operating Expenses	1,341,924	8,716	1,350,640	
9 Operating Income Before Taxes	66,046	88,604	154,650	
Tax Adjustments:				
10 Interest Expense	(30,597)		(30,597)	NOTE C
11 Meals & Entertainment	81		81	HECO-WP-1502
12 Total Tax Adjustments	(30,516)	-	(30,516)	
13 Taxable Income for Rate-Making	35,530	88,604	124,134	
14 Composite Effective Income Tax Rate	38.9097744%	38.9097744%	38.9097744%	
Composite Income Tax Expense				
15 before Federal Only Adjustments:	13,825	34,476	48,300	
Federal Only Adjustments:				
16 Domestic Production Activities Deduction*	(2,216)	-	(2,216)	
17 Preferred Stock Dividend Deduction	(66)		(66)	CA-IR-467
18 Total Federal Only Adjustments	(2,282)	-	(2,282)	
19 Federal Income Tax Rate	35.00%	35.00%	35.00%	
20 Federal Tax Adjustment	(799)	-	(799)	
21 TOTAL INCOME TAX EXPENSE	13,026	34,476	47,501	

\* DPAD is not applicable to current effective rates, however, it is shown here to facilitate the proper calculation of revenue requirements.

NOTE A: June 2007 update, HECO T-15, Supplemental Filing, page 7.

NOTE B: June 2007 update, HECO T-15, Supplemental Filing, page 4.

NOTE C: June 2007 update, HECO T-15, Supplemental Filing, page 13.

**HAWAIIAN ELECTRIC COMPANY, INC.**  
**STATE CAPITAL GOODS EXCISE TAX CREDIT**  
**FOR THE YEARS 2006 - 2007**  
(\$ Thousand)

	Actual 2006	Updated Test Year 2007
<u>STATE ITC</u>		
1 Beginning Balance	26,481	28,523
2 Amortizations	(1,201)	(1,304)
3 Additions (Net of Recap)	3,198	2,846
4 Post Year Ends	45	
	<hr/>	
5 Ending Balance	28,523	30,065
	<hr/>	
6 Average Balance		29,294

STATE ITC ADDITION

7 Total Plant Additions	122,543	DOD-IR-96, page 4
8 P0000816 adjustment*	893	CA-IR-472
9 Plant Additions before adjustment	123,436	
10 Less Land	(823)	
	122,613	
11 5 yr avg of Outside Materials & Services	58.0321%	
12 State ITC Base	71,155	
13 Capital Goods Excise Tax Credit %	4%	
14 Capital Goods Excise Tax Credit	2,846	

\* This adjustment for the W5 Exciter / Regulator replacement project (P0000816) has been rescheduled to be completed in 2008 (vs. 2007). Thus, the current year state ITC addition should be \$2,825, instead of the \$2,846 used in the July 23 revenue requirements run. This correction will be made at the next opportunity.

**HAWAIIAN ELECTRIC COMPANY, INC.**  
**SUMMARY OF DEFERRED INCOME TAX LIABILITY**  
**BALANCES FOR RATE BASE PURPOSES**  
**FEDERAL AND STATE**

(\$ Thousand)

	Direct per HECO-1505 Actual Balance 12/31/2005	Updated Actual Balance 12/31/2005	Actual (incl PYE) 2006 Adds (Amort), Net	2006 Ratemaking Adjustments	Actual (incl PYE) Balance 12/31/2006
Accelerated Depreciation over Straight Line					
1 FEDERAL	61,334	61,334	(1,623)		59,711
2 STATE	7,190	7,191	(316)		6,875
3 Subtotal	68,524	68,525	(1,939)	-	66,586
All Other Items					
4 FEDERAL	81,443	75,848	(53,734)	50,616	72,730
5 STATE	14,598	13,575	(9,717)	9,264	13,122
6 Subtotal	96,041	89,423	(63,451)	59,880	85,852
7 TOTAL	164,565	157,948	(65,390)	59,880	152,438

	Actual (incl PYE) Balance 12/31/2006	Updated 2007 Adds (Amort), Net	2007 Ratemaking Adjustments	Updated Balance 12/31/2007
Accelerated Depreciation over Straight Line				
8 FEDERAL	59,711	(2,856)		56,855
9 STATE	6,875	(282)		6,593
Subtotal	66,586	(3,138)	-	63,448
All Other Items				
10 FEDERAL	72,730	(4,987)	(3,148)	64,595
11 STATE	13,122	(904)	(576)	11,642
Subtotal	85,852	(5,891)	(3,724)	76,237
12 TOTAL	152,438	(9,029)	(3,724)	139,685
13 AVERAGE				146,062

**HAWAIIAN ELECTRIC COMPANY, INC.**  
**SFAS 109 RECONCILIATION**  
**REGULATORY ASSETS AND LIABILITIES**  
(\$ Thousand)

Account	Description	Actual Balance 12/31/2006	Updated 2007 Amort	Updated 2007 Adds	Updated Balance 12/31/2007
1	18673100 CWIP Equity Transition	1,765	(75)		1,690
2	18673200 SFAS 109 Flow Through	2,938	(326)		2,612
3	18673300 Plant Transition	19,436	(1,023)		18,413
4	18673400 AFUDC Equity Gross up	31,972	(935)	3,508	34,545
5*	Adjustment for AFUDC Equity Gross up in CWIP	(4,054)		(511)	(4,565)
6	18673500 Federal ITC	(2,472)	487		(1,985)
	Excess Deferred Taxes				
7	18673110 Accelerated Depr (282)	(905)	904		(1)
8	18673900 All Other (283)	(1,356)	58		(1,298)
9	Subtotal	(2,261)	962	-	(1,299)
	Deficit Deferred Taxes				
10	18673120 Accelerated Depr (282)	2,105	(111)		1,994
11	18673190 All Other (283)	-	-		-
12	Subtotal	2,105	(111)	-	1,994
13	TOTAL	49,429	(1,021)	2,997	51,405
13	AVERAGE BALANCE	48,547			50,417

\* Line 5 represents the adjustments to exclude the AFUDC Equity Gross up still in CWIP.

NOTE 1: All SFAS 109 assets and liabilities and related taxes have been computed on effective tax rate of 32.8947368% (federal) and 6.0150376% (state).

NOTE 2: This exhibit was filed in response to DOD-IR-123, page 2.

**HAWAIIAN ELECTRIC COMPANY, INC.**  
**RECONCILIATION OF SFAS 109 REGULATORY**  
**ASSETS/LIABILITIES AND DEFERRED TAXES**

(\$ Thousand)

	A	B	C	D	E
	Regulatory	Federal	State		Total
	Asset/Liab	Def Tax	Def Tax	*	Def Tax
	Balance	Balance	Balance	Other	Balance
	12/31/2007	12/31/2007	12/31/2007	12/31/2007	12/31/2007
Description					
1 CWIP Equity Transition	1,690	(1,429)	(261)		(1,690)
2 SFAS 109 Flow Through	2,612	(2,207)	(404)	(1)	(2,612)
3 Plant Transition	18,413	(15,567)	(2,847)	1	(18,413)
4 CWIP Equity Ongoing	34,545	(29,208)	(5,341)	4	(34,545)
5 Federal ITC	(1,985)	1,678	308	(1)	1,985
6 Excess Accel Depr	(1)	-	-	1	1
7 Excess Deferred Taxes	(1,298)	428	79	791	1,298
8 Deficit Accel Depr	1,994	(658)	(120)	(1,216)	(1,994)
9 Deficit Deferred Taxes	-				-
10 TOTAL **	55,970	(46,963)	(8,586)	(421)	(55,970)

\* Column E amounts represent the net unamortized "base" SFAS 109 adjustments recorded in 1993 related to excess and deferred taxes booked to Reg Ass/Liab. Columns B and C represent the tax "gross up" of these "base" items. Lines 1 through 5 do not have comparable "base" amounts in Column D because their SFAS 109 adjustments only required a tax "gross up". The "base" on which this gross up was calculated resides in either plant in service or unamortized Federal ITC balance sheet accounts. On the other hand, the "base" for lines 6 through 10 were accounted for in the Reg Asset/Liab. Account.

\*\* The total of \$55,970 does not match the total of \$51,405 per June 2007 update, HECO T-15, Supplemental Filing, page 9 because of the adjustment for AFUDC Equity Gross up in CWIP.

Column A is from June 2007 update, HECO T-15, Supplemental Filing, page 9.  
Column B is from June 2007 update, HECO T-15, Supplemental Filing, page 16.  
Column C is from June 2007 update, HECO T-15, Supplemental Filing, page 18.

**HAWAIIAN ELECTRIC CO., INC.**  
**ESTIMATED INCREASE IN GENERAL EXCISE TAX (GET)**  
**TEST YEAR 2007**

<u>Expense Element Description</u>	<u>(\$ in thousands)</u>	<u>Reference</u>
Estimated Direct Non-Labor O&M (C) = (A) + (B)	63,989	HECO 1508, pg. 1 of 3
O&M Adjustments in June Update:		
Distributed Generation	(240)	June 2007 Update, HECO T-6, pg. 1
Environmental Services	(126)	CA-IR-344
Smart Signal	(202)	DOD-IR-121
Base DSM Cost	(165)	CA-IR-122, pg. 6, Lines 33, 46-50
OMS Maintenance	(77)	June 2007 Update, HECO T-7, pg. 1
Remote Billing and Printing Process	(100)	June 2007 Update, HECO T-8, pg. 2
Axis/Strategizer Implementation Costs	(271)	CA-IR 135, pg. 1
Reduction in Consultant Fees	(50)	CA-IR-290, pg. 2
Rents	24	CA-IR-299, Attach. 11 and HECO-1305
Light Fixture Work on Ward Parking Facility	(38)	June 2007 Update, HECO T-13, pg. 3
Updated Non-Labor O&M (D)	62,744	
Increase in GET Rate due to Surcharge (E)	0.5%	
Increase Due to .5% surcharge (F) = (D) x (E)	314	
4.5% Tax on Surcharge (G) = (F) x 4.5%	14	
Estimated Total O&M Increase related to GET Surcharge (F) + (G)	328	

NOTE: This exhibit was filed in response to DOD-IR-102, page 2.

HAWAIIAN ELECTRIC CO., INC.  
REGULATORY ASSET - AFUDC EQUITY GROSS UP (#18673400)

		Actual 2002	Actual 2003	Actual 2004	Actual 2005	Actual 2006	Update 2007
<b>ORIGINAL</b>							
Beginning Balance		22,774	24,372	25,994	28,552	30,279	31,971
Equity Gross up addition		2,238	2,326	3,328	2,567	2,585	3,508
Amortization		(640)	(704)	(770)	(840)	(893)	(935)
Ending Balance		24,372	25,994	28,552	30,279	31,971	34,544
Average			25,183	27,273	29,416	31,125	33,258
<b>REVISED</b>							
Beginning Balance		22,774	22,694	23,131	24,334	26,108	27,917
Equity Gross up addition		2,238	2,326	3,328	2,567	2,585	3,508
Adjustment							
Add 25% of Current Year	25%	560	582	832	642	646	877
Add 25% of Prior Year 1	25%		560	582	832	642	646
Add 25% of Prior Year 2	25%			560	582	832	642
Add 25% of Prior Year 3	25%				560	582	832
Deduct Current Year	100%	(2,238)	(2,326)	(3,328)	(2,567)	(2,585)	(3,508)
Total Adjustment		(1,679)	(1,185)	(1,355)	48	117	(511)
Amortization		(640)	(704)	(770)	(840)	(893)	(935)
Ending Balance		22,694	23,131	24,334	26,108	27,917	29,979
Difference		1,679	2,864	4,219	4,171	4,054	4,565
Deferred Tax Effect of Reg Asset: AFUDC Equity Gross up Adjustment							
Federal	32.8947%	552	942	1,388	1,372	1,334	1,502
State	6.0150%	101	172	254	251	244	275
Total		653	1,114	1,641	1,623	1,577	1,776

NOTE 1: This worksheet calculates the amounts of AFUDC Equity Gross up still in CWIP, and the related deferred tax effects.

NOTE 2: This exhibit was filed in response to DOD-IR-123, page 3.

**HAWAIIAN ELECTRIC CO., INC.**  
**CALCULATION OF INTEREST EXPENSE FOR**  
**USE IN INCOME TAX EXPENSE CALCULATION**  
**FOR TEST YEAR 2007**

Interest Expense on Long-Term Debt	29,267,000
Interest Expense on Short-Term Debt (A)	1,948,550
Interest Expense on Hybrid Securities	2,059,000
Less: AFUDC Debt (B)	(2,678,181)
NET INTEREST EXPENSE	<u><u>30,596,369</u></u>

(A) Average Short-Term Debt \$38,971,000 x 5.0% = \$1,948,550 (Per HECO-1901)

(B) AFUDC Debt Computation:

AFUDC Expenditures	8,185,149
Ratio of Debt to Total	<u>32.72%</u>
	<u><u>2,678,181</u></u>



**HAWAIIAN ELECTRIC CO., INC.**  
**Calculation of Domestic Production Activities Deduction (DPAD)**  
**Test Year 2007**  
**(\$ Thousands)**

	<b>TY 2007 Proposed Rates*</b>	<b>Allocated To Generation</b>	
Electric Sales Revenue	1,502,030.0	828,287.3	(C) See note (1).
Other Operating Revenue	4,150.0		
Gain on Sale of Land	500.0		
	<u>1,506,680.0</u>	<u>828,287.3</u>	
Power production expense-Fuel	(543,874.0)	(543,874.0)	
Power production expense-Purchased Power	(386,872.0) (A)		
Power production expense-Production	(70,077.0)	(70,077.0)	
Transmission expense	(10,378.0)	-	
Distribution expense	(24,948.0)	-	
Customer accounts expense	(11,929.0)	(9,170.5)	Allocation based on note (2) below.
Customer service	(7,270.0)	(5,588.9)	Allocation based on note (2) below.
A & G expense	(75,786.0)	(58,261.3)	Allocation based on note (2) below.
Miscellaneous	(1,844.0)	(1,417.6)	Allocation based on note (2) below.
Total O&M expense	<u>(1,132,978.0)</u>	<u>(688,389.3)</u>	
Depreciation expense	(78,763.0)	-	
Amort of State ITC	1,304.0	-	
Taxes other than income taxes	(139,951.0)	(78,383.7)	See page 15.
Income taxes	(48,769.0)	-	
Miscellaneous	(377.0)	(289.8)	Allocation based on note (2) below.
Other operating expense	<u>(266,556.0)</u>	<u>(78,673.6)</u>	
Net utility operating income	<u>107,146.0</u>		
<b>Tax Adjustments:</b>			
Interest	(30,597.0)	(10,626.8)	Allocation based on note (5) below.
Estimated Current State ITC on Production Assets		1,284.8	See note (4) below.
Estimated State Tax Depreciation on Production Assets		(13,326.0)	See note (3) below.
State Pretax Income		38,556.4	(F)
Less: State Tax Deduction		(2,319.2)	(F) * 6.0150376% state tax rate
State Taxable Income		36,237.2	
Add: Federal State Tax Depreciation Difference		704.0	See note (3) below.
Estimated taxable income for generation activity for 2007		<u>36,941.2</u>	
<b>Estimated Domestic Production Activities Deduction (6%)</b>		<u><b>2,216</b></u>	
<b>Estimated Federal Tax Effect at 35%</b>		<u><b>776</b></u>	

**NOTES:**

(1) Calculation of Revenue Attributable to Purchased Power:

Power Production Expense-Purchased Power	386,872.0	(A)
Divided by: Revenue Tax Gross Up (1-.08885)	91.115%	
Purchased Power Revenue Grossed Up	<u>424,597.5</u>	(B)

Electric Sales Revenue Net of Purchased Power Revenues

Electric Sales Revenue	1,502,030.0	(C)
Less: Electric Sales Revenues Related to Purchased Power	(424,597.5)	(B)
Electric Sales Revenue, Net of Purchased Power Revenue	<u>1,077,432.5</u>	(D)

Production Sales Net of Purchased Power Revenues

Total Production Sales	1,252,884.8	based on production sales ratio from direct
Less: Production Sales Revenues Related to Purchased Power	(424,597.5)	(B)
Production Sales Revenue, Net of Purchased Power Revenue	<u>828,287.3</u>	(E)

(2) Allocation based on current cost of service workpapers as adjusted for purchased power revenues.

Production Sales / Electric Sales Revenue	828,287.3 / 1,077,432.5 (E) / (D)
Production Cost of Service Percentage Calculated	76.8760%

(3) 2007 State Tax Depreciation of Production Assets  
2007 Federal Tax Depreciation of Production Assets  
Federal State Depreciation Adjustment

(13,326)
(12,622)
<u>704</u>

(4) 2007 Production Tax Additions  
State ITC Rate  
2007 State ITC Related to Production Assets

32,121.0
4%
<u>1,284.8</u>

(5) Rate Base Associated with Production Activities  
Total Rate Base  
Interest Allocation Based on Rate Base %

422,178.7	HECO-WP-2001, page 39
1,215,544.5	HECO-WP-2001, page 39
34.7317%	

\* DPAD was calculated based on test year 2007 operating income at proposed rates assuming zero DPAD. Revenue requirements were then rerun to include this calculated DPAD. Consequently, this schedule's operating income does not exactly tie to revenue requirements, including the effect of DPAD, as submitted in June 2007 update, HECO T-23, filed on 7/24/07.

**HAWAIIAN ELECTRIC CO., INC.**  
**Taxes Other Than Income for DPAD**  
**Test Year 2007**  
**(\$ Thousands)**

	<u>TY 2007</u>	<u>References</u>
<b><u>PSC Tax Calculation</u></b>		
Electric Sales Revenue	828,287	See Note 1 on page 14
Less: Bad Debt Deduction	(1,165)	See Note 1 below
PSC Tax Base	827,122	
PSC Tax Rate	5.885%	HECO-WP-1501, page 1
PSC Taxes	48,676	
<b><u>PUC Fee Calculation</u></b>		
Electric Sales Revenue	828,287	See Note 1 on page 14
Less: Bad Debt Deduction	(1,165)	See Note 1 below
PUC Fee Base	827,122	
PUC Fees Rate	0.5%	HECO-WP-1501, page 1
PUC Fees	4,136	
<b><u>Franchise Royalty Tax Calculation</u></b>		
Electric Sales Revenue	828,287	See Note 1 on page 14
Less: Bad Debt Deduction	(1,165)	See Note 1 below
Franchise Royalty Tax Base	827,122	
Franchise Royalty Tax Rate	2.5%	HECO-WP-1501, page 1
Franchise Royalty Taxes	20,678	
<b><u>Payroll Taxes</u></b>		
Total Payroll Taxes	6,366	DOD-IR-101, page 2
Allocation Factor	76.8760%	See Note 2 on page 14
Payroll Taxes allocated to Production	4,894	
Total Taxes Other Than Income	78,384	
<b>NOTE 1&gt; Calculation of Bad Debt Deduction:</b>		
Total Bad Debt	1,516	
Production Cost of Service Percentage	76.8760%	See Note 2 on page 14
Bad Debt allocated to Production	1,165	

HAWAIIAN ELECTRIC CO., INC.  
DEFERRED INCOME TAXES  
FEDERAL

LIAB (DR)CR	Actual 12-31-05	Actual 2006	Actual 12-31-06	Estimate 2006 Post Year Ends	Revised 12-31-06	Updated 2007	Updated 12-31-07
28310 State ITC	(8,723,396.50)	(656,997.22)	(9,380,393.72)	(15,009.43)	(9,395,403.15)	(507,233.97)	(9,902,637.12)
28311 Unearned Lease	(5,570.77)	1,190.43	(4,380.34)	0.00	(4,380.34)	1,151.45	(3,228.89)
28312 Accrued Vacation	1,079,915.49	135,560.94	1,215,476.43	(68,909.00)	1,146,567.43	(5,060.19)	1,141,507.24
28313 Uncollectible Acct	(164,413.68)	(217,612.42)	(382,026.10)	0.00	(382,026.10)	0.00	(382,026.10)
28314 Directors Def Comp	(30,699.97)	772.37	(29,927.60)	0.00	(29,927.60)	480.93	(29,446.67)
28317 Discounted Work Comp	(717,340.52)	(108,501.75)	(825,842.27)	0.00	(825,842.27)	0.00	(825,842.27)
28319 Cap to Construction	27,326,807.17	1,930,158.71	29,256,965.88	0.00	29,256,965.88	2,027,848.17	31,284,814.05
28321 Pension	27,137,290.95	(4,683,108.57)	22,454,182.38	0.00	22,454,182.38	(5,825,891.17)	16,628,291.21
28323 Excess Benefit Plan	(457,845.47)	(11,564.14)	(469,409.61)	0.00	(469,409.61)	3,309.64	(466,099.97)
28326 Def Exec Comp	(53,922.55)	(3,502.04)	(57,424.59)	0.00	(57,424.59)	0.00	(57,424.59)
28327 Software	(229,032.17)	52,895.71	(176,136.46)	(15,577.00)	(191,713.46)	(397,053.24)	(588,766.70)
28328 G/L ACRS Retirement	6,528,902.07	256,505.97	6,785,408.04	(60,504.00)	6,724,904.04	328,947.00	7,053,851.04
28329 Series U Exp (Bonds)	888.21	(888.21)	(0.00)	0.00	(0.00)	0.00	(0.00)
28330 EICP	(10,377.25)	(7,888.60)	(18,265.85)	0.00	(18,265.85)	0.00	(18,265.85)
28331 CIAC	(14,051,826.76)	(545,158.21)	(14,596,984.97)	(163,749.00)	(14,760,733.97)	(3,196,853.80)	(17,957,587.77)
28332 Customer Advances	(327,834.50)	8,448.00	(319,386.50)	(12,886.00)	(332,272.50)	0.00	(332,272.50)
28333 Capitalized Interest	(14,526,192.46)	(695,650.87)	(15,221,843.33)	6,446.00	(15,215,397.33)	(911,682.06)	(16,127,079.39)
28335 Connection Fees	16,019.85	0.00	16,019.85	0.00	16,019.85	0.00	16,019.85
28336 Nondeductible Interest	108,651.51	(29,473.65)	79,177.86	0.00	79,177.86	0.00	79,177.86
28337 Supplemental Benefits -SERP	(528,723.95)	(80,710.05)	(609,434.00)	0.00	(609,434.00)	(65,939.88)	(675,373.88)
28338 Nondeductible Vacation	(1,084,196.31)	0.00	(1,084,196.31)	0.00	(1,084,196.31)	0.00	(1,084,196.31)
28340 LTIP	(133,406.96)	(50,949.94)	(184,356.90)	0.00	(184,356.90)	0.00	(184,356.90)
28341 Waipahu Baseyard Int	(111,861.55)	0.00	(111,861.55)	0.00	(111,861.55)	0.00	(111,861.55)
28347 Waiiau Water Well Pmts	(409,340.04)	21,242.70	(388,097.34)	0.00	(388,097.34)	21,242.70	(366,854.64)
28348 Nonutil Bad Debt	8,047.29	0.00	8,047.29	0.00	8,047.29	0.00	8,047.29
28401 Gen/Auto (& Accidents)	(321,709.95)	125,888.54	(195,821.41)	0.00	(195,821.41)	0.00	(195,821.41)
28403 CWIP Debt Transition	508,052.22	(20,889.45)	487,162.77	0.00	487,162.77	(20,891.10)	466,271.67
28404 CWIP Equity Trans	1,565,578.43	(73,137.41)	1,492,441.02	605.00	1,493,046.02	(63,797.96)	1,429,248.06
28405 Iolani Ct Plaza Sale	(74,584.81)	(80,469.77)	(155,054.58)	(346.51)	(155,401.09)	45,308.42	(110,092.67)
28406 Kaonohi Sale	37,751.68	0.00	37,751.68	0.00	37,751.68	0.00	37,751.68
28407 FAS 109 Flow Through	2,758,603.52	(275,857.92)	2,482,745.60	0.00	2,482,745.60	(275,857.92)	2,206,887.68
28408 Plant Transition	17,296,323.51	(864,818.44)	16,431,505.07	0.00	16,431,505.07	(864,818.44)	15,566,686.63
28409 CWIP Equity Net	15,644,495.55	870,569.79	16,515,065.34	0.00	16,515,065.34	1,329,722.19	17,844,787.53
28410 CWIP Equity Grossup	10,040,442.29	474,817.25	10,515,259.54	2,184.00	10,517,443.54	846,319.12	11,363,762.66
28411 CWIP Debt	7,807,840.45	369,242.24	8,177,082.69	0.00	8,177,082.69	635,310.81	8,812,393.50
28412 General/Auto Liability - Legal	(32,960.47)	(12,730.56)	(45,691.03)	0.00	(45,691.03)	0.00	(45,691.03)
28413 Post Retirement Ben	111,091.34	(715,278.43)	(604,187.09)	16,527.00	(587,660.09)	(774,051.10)	(1,361,711.19)
28414 Reg Liab Federal ITC	(2,545,082.99)	455,906.40	(2,089,176.59)	(192.00)	(2,089,368.59)	411,582.43	(1,677,786.16)
28418 IRP & DSM Costs	129,059.35	(140,771.37)	(11,712.02)	1,472.00	(10,240.02)	11,059.65	819.63
28419 Reg Liab Excess 283	(465,398.01)	18,947.35	(446,450.66)	0.00	(446,450.66)	18,947.35	(427,503.31)
28420 Reg Liab Deficit 283	963.74	(963.74)	0.00	0.00	0.00	0.00	0.00
28422 Miscellaneous	(28,511.60)	0.00	(28,511.60)	0.00	(28,511.60)	0.00	(28,511.60)
28427 Prepaid Expenses	565,340.88	78,269.68	643,610.56	0.00	643,610.56	0.00	643,610.56
28430 FMB X Premium	239,276.86	(21,918.73)	217,358.13	0.00	217,358.13	(21,918.73)	195,439.40
28434 EEO Claims	(107,473.07)	99,341.85	(8,131.22)	0.00	(8,131.22)	0.00	(8,131.22)
28435 Differential	1,016,125.29	(72,363.12)	943,762.17	0.00	943,762.17	(71,683.80)	872,078.37
28436 TIP	(198,307.46)	254,144.45	55,836.99	0.00	55,836.99	0.00	55,836.99
28440 Kalaeloa	(181,499.38)	15,153.83	(166,345.55)	0.00	(166,345.55)	15,153.83	(151,191.72)
28441 Sun Power	577.09	0.00	577.09	0.00	577.09	0.00	577.09
28442 Overhaul	(74,991.33)	11,355.07	(63,636.26)	0.00	(63,636.26)	11,357.62	(52,278.64)
28508 Substation land - Wilder	209.00	(209.00)	0.00	0.00	0.00	0.00	0.00
28512 Revenue Bond Cost Amort	1,236,501.83	(135,414.87)	1,101,086.96	0.00	1,101,086.96	229,855.82	1,330,942.78
28516 Honolulu Harbor Reserve	(239,745.24)	(342,870.14)	(582,615.38)	68,888.00	(513,727.38)	0.00	(513,727.38)
28520 Deferred Comp - restricted stock	12,357.59	49,489.94	61,847.53	0.00	61,847.53	84,210.58	146,058.11
28522 Knapp lawsuit	(6,578.65)	6,578.47	(0.18)	0.00	(0.18)	0.00	(0.18)
28524 Software (E-business only)	22,527.51	(22,527.51)	0.00	0.00	0.00	0.00	0.00
28526 Emissions Fees	(313,673.39)	(11,598.34)	(325,271.73)	0.00	(325,271.73)	0.00	(325,271.73)
28528 Substation land - Kuliouou	(48,039.88)	12,980.14	(35,059.74)	315.22	(34,744.52)	13,134.14	(21,610.38)
28530 AES Hawaii PPA	(47,987.44)	2,879.27	(45,108.17)	0.00	(45,108.17)	2,879.27	(42,228.90)
28532 CIS Project Costs	(111,599.99)	(182,118.66)	(293,718.65)	0.00	(293,718.65)	0.00	(293,718.65)
28536 Substation land - Queen Emma	(376,061.08)	83,071.50	(292,989.58)	2,210.32	(290,779.26)	92,096.50	(198,682.76)
28538 Rate Case - TV 2005 & 2007	222,272.28	(71,545.40)	150,726.88	38,426.00	189,152.88	191,135.34	380,288.22
28540 Kalaeloa PPA	(70,078.09)	(1,135.75)	(71,213.84)	0.00	(71,213.84)	6,655.58	(64,558.26)
28542 QUIPS amortization	569,248.38	(25,761.60)	543,486.78	0.00	543,486.78	(25,761.60)	517,725.18
28544 OPEB Exec Life	(2,650,482.48)	(248,271.76)	(2,898,754.24)	0.00	(2,898,754.24)	(274,772.39)	(3,173,526.63)
28546 Percentage Repairs Allowance	1,295,258.00	327,724.97	1,622,982.97	1,229,054.00	2,852,036.97	(213,904.24)	2,638,132.73
28548 Capitalized Interest (D&T)	3,849,215.00	404,916.87	4,254,131.87	565,023.00	4,819,154.87	(344,486.23)	4,474,668.64

**HAWAIIAN ELECTRIC CO., INC.**  
**DEFERRED INCOME TAXES**  
**FEDERAL**

**LIAB (DR)CR**

	Actual 12-31-05	Actual 2006	Actual 12-31-06	Estimate 2006 Post Year Ends	Revised 12-31-06	Updated 2007	Updated 12-31-07
28550 E-Business hardware	9,645.18	20,919.11	30,564.29	0.00	30,564.29	1,677.67	32,241.96
28554 Substation Land - Palolo		(13,773.92)	(13,773.92)	0.00	(13,773.92)	2,899.77	(10,874.15)
28556 Substation Land - Waianae		(34,148.47)	(34,148.47)	0.00	(34,148.47)	7,317.53	(26,830.94)
28558 Aiea Park Place			0.00	0.00	0.00	(40,805.88)	(40,805.88)
28560 Software - OMS			0.00	0.00	0.00	167,207.71	167,207.71
AOCl - Qualified Pension		(43,242,752.87)	(43,242,752.87)	0.00	(43,242,752.87)	2,371,511.00	(40,871,241.87)
AOCl - NQ Pension	(14,920.34)	(108,665.19)	(123,585.53)	0.00	(123,585.53)	(13,153.00)	(136,738.53)
AOCl - OPEB		(7,776,112.50)	(7,776,112.50)	0.00	(7,776,112.50)	676,722.00	(7,099,390.50)
AOCl - OPEB Exec Life		511,926.32	511,926.32	0.00	511,926.32	112,877.00	624,803.32
<b>TOTAL ACCOUNT 283</b>	<b>77,669,612.45</b>	<b>(54,987,212.72)</b>	<b>22,682,399.73</b>	<b>1,593,977.60</b>	<b>24,276,377.33</b>	<b>(4,247,695.48)</b>	<b>20,028,681.85</b>
<b>ACCOUNT 282 DEPR</b>	<b>61,334,780.24</b>	<b>(2,120,299.10)</b>	<b>59,214,481.14</b>	<b>497,339.00</b>	<b>59,711,820.14</b>	<b>(2,855,799.58)</b>	<b>56,856,020.56</b>
<b>TOTAL FEDERAL DEFERRED TAX LIABILITY (before rate case adjustments)</b>	<b>139,004,392.69</b>	<b>(57,107,511.82)</b>	<b>81,896,880.87</b>	<b>2,091,316.60</b>	<b>83,988,197.47</b>	<b>(7,103,495.06)</b>	<b>76,884,702.41</b>
<b>TOTAL ACCOUNT 283</b>	<b>77,669,612.45</b>	<b>(54,987,212.72)</b>	<b>22,682,399.73</b>	<b>1,593,977.60</b>	<b>24,276,377.33</b>	<b>(4,247,695.48)</b>	<b>20,028,681.85</b>
<b>LESS RATE CASE ADJUSTMENTS:</b>							
28312 Accrued Vacation	1,079,915.49	135,560.94	1,215,476.43	(68,909.00)	1,146,567.43	(5,060.19)	1,141,507.24
28313 Uncollectible Account	(164,413.68)	(217,612.42)	(382,026.10)	0.00	(382,026.10)	0.00	(382,026.10)
28314 Directors Def Comp	(30,699.97)	772.37	(29,927.60)	0.00	(29,927.60)	480.93	(29,446.67)
28317 Discounted Work Comp	(717,340.52)	(108,501.75)	(825,842.27)	0.00	(825,842.27)	0.00	(825,842.27)
28323 Excess Benefit Plan	(457,845.47)	(11,564.14)	(469,409.61)	0.00	(469,409.61)	3,309.64	(466,099.97)
28326 Def Exec Comp (Def LTIP)	(53,922.55)	(3,502.04)	(57,424.59)	0.00	(57,424.59)	0.00	(57,424.59)
28330 EICP	(10,377.25)	(7,888.60)	(18,265.85)	0.00	(18,265.85)	0.00	(18,265.85)
28336 Nondeductible Interest	108,651.51	(29,473.65)	79,177.86	0.00	79,177.86	0.00	79,177.86
28337 Supplemental Benefits - SERP	(528,723.95)	(80,710.05)	(609,434.00)	0.00	(609,434.00)	(65,939.88)	(675,373.88)
28338 Nondeductible Vacation	(1,084,196.31)	0.00	(1,084,196.31)	0.00	(1,084,196.31)	0.00	(1,084,196.31)
28340 LTIP	(133,406.96)	(50,949.94)	(184,356.90)	0.00	(184,356.90)	0.00	(184,356.90)
28341 Waipahu Baseyard Int	(111,861.55)	0.00	(111,861.55)	0.00	(111,861.55)	0.00	(111,861.55)
28347 Waiau Water Well Pmts	(409,340.04)	21,242.70	(388,097.34)	0.00	(388,097.34)	21,242.70	(366,854.64)
28348 Nonutil Bad Debt	8,047.29	0.00	8,047.29	0.00	8,047.29	0.00	8,047.29
28401 Genl/Auto (& Accidents)	(321,709.95)	125,888.54	(195,821.41)	0.00	(195,821.41)	0.00	(195,821.41)
28412 Genl/Auto Legal	(32,960.47)	(12,730.56)	(45,691.03)	0.00	(45,691.03)	0.00	(45,691.03)
28418 IRP & DSM Costs	129,059.35	(140,771.37)	(11,712.02)	1,472.00	(10,240.02)	11,059.65	819.63
28434 EEO Claims	(107,473.07)	99,341.85	(8,131.22)	0.00	(8,131.22)	0.00	(8,131.22)
28436 TIP	(198,307.46)	254,144.45	55,836.99	0.00	55,836.99	0.00	55,836.99
28520 Deferred Comp - restricted stock	12,357.59	49,489.94	61,847.53	0.00	61,847.53	84,210.58	146,058.11
28538 Rate Case - TY 2005 & 2007	222,272.28	(71,545.40)	150,726.88	38,426.00	189,152.88	191,135.34	380,288.22
28544 OPEB Exec Life	(2,650,482.48)	(248,271.76)	(2,898,754.24)	0.00	(2,898,754.24)	(274,772.39)	(3,173,526.63)
28550 E-Business hardware	9,645.18	20,919.11	30,564.29	0.00	30,564.29	1,677.67	32,241.96
AFUDC in CWIP	5,907,301.97	683,961.55	6,591,263.52	0.00	6,591,263.52	609,720.04	7,200,983.56
Reg Asset: AFUDC Equity Gross u	1,372,164.77	(38,404.72)	1,333,760.05	0.00	1,333,760.05	162,356.08	1,496,116.13
<b>FED DEF'D TAX LIABILITY - OTHER</b>	<b>75,833,258.70</b>	<b>(55,356,607.77)</b>	<b>20,476,650.93</b>	<b>1,622,988.60</b>	<b>22,099,639.53</b>	<b>(4,987,115.65)</b>	<b>17,112,523.88</b>
<b>FED DEF'D TAX LIAB - ACCEL DEPR</b>	<b>61,334,780.24</b>	<b>(2,120,299.10)</b>	<b>59,214,481.14</b>	<b>497,339.00</b>	<b>59,711,820.14</b>	<b>(2,855,799.58)</b>	<b>56,856,020.56</b>
<b>TOTAL FEDERAL DEFERRED TAX LIABILITY (after rate case adjustments)</b>	<b>137,168,038.94</b>	<b>(57,476,906.87)</b>	<b>79,691,132.07</b>	<b>2,120,327.60</b>	<b>81,811,459.67</b>	<b>(7,842,915.23)</b>	<b>73,968,544.44</b>
			(1,622,960.10)	(53,733,619.17)			
<b>RATEMAKING ADJUSTMENT:</b>							
AOCl - Qualified Pension	0.00	(43,242,752.87)	(43,242,752.87)	0.00	(43,242,752.87)	2,371,511.00	(40,871,241.87)
AOCl - NQ Pension	(14,920.34)	(108,665.19)	(123,585.53)	0.00	(123,585.53)	(13,153.00)	(136,738.53)
AOCl - OPEB	0.00	(7,776,112.50)	(7,776,112.50)	0.00	(7,776,112.50)	676,722.00	(7,099,390.50)
AOCl - OPEB Exec Life	0.00	511,926.32	511,926.32	0.00	511,926.32	112,877.00	624,803.32
<b>TOTAL RATEMAKING ADJUSTMENT</b>	<b>(14,920.34)</b>	<b>(50,615,604.24)</b>	<b>(50,630,524.58)</b>	<b>-</b>	<b>(50,630,524.58)</b>	<b>3,147,957.00</b>	<b>(47,482,567.58)</b>
<b>TOTAL</b>	<b>137,182,959.28</b>	<b>(6,861,302.63)</b>	<b>130,321,656.65</b>	<b>2,120,327.60</b>	<b>132,441,984.25</b>	<b>(10,990,872.23)</b>	<b>121,451,112.02</b>

HAWAIIAN ELECTRIC CO., INC.  
DEFERRED INCOME TAXES  
STATE

LIAB (DR)CR	Actual 12-31-05	Actual 2006	Actual 12-31-06	Estimate 2006 Post Year Ends	Revised 12-31-06	Updated 2007	Updated 12-31-07
28310 State ITC	(1,592,836.25)	(112,123.00)	(1,704,959.25)	(2,744.58)	(1,707,703.83)	(92,750.88)	(1,800,454.71)
28311 Unearned Lease	(940.85)	217.86	(722.99)	0.00	(722.99)	210.55	(512.44)
28312 Accrued Vacation	174,464.34	24,788.18	199,252.52	(12,601.00)	186,651.52	(925.29)	185,726.23
28313 Uncollectible Acct	(25,425.28)	(39,791.99)	(65,217.27)	0.00	(65,217.27)	0.00	(65,217.27)
28314 Directors Def Comp	(4,711.68)	141.23	(4,570.45)	0.00	(4,570.45)	87.94	(4,482.51)
28317 Discounted Work Comp	(131,170.07)	(19,840.26)	(151,010.33)	0.00	(151,010.33)	0.00	(151,010.33)
28319 Cap to Construction	5,004,992.75	350,390.02	5,355,382.77	0.00	5,355,382.77	370,963.33	5,726,346.10
28321 Pension	4,962,223.54	(856,335.46)	4,105,888.08	0.00	4,105,888.08	(1,065,300.35)	3,040,587.73
28323 Excess Benefit Plan	(79,192.89)	314.42	(78,878.47)	0.00	(78,878.47)	605.19	(78,273.28)
28326 Def Exec Comp	(9,861.22)	(640.37)	(10,501.59)	0.00	(10,501.59)	0.00	(10,501.59)
28327 Software	(61,942.30)	28,164.76	(33,777.54)	(2,849.00)	(36,626.54)	(65,420.30)	(102,046.84)
28328 G/L ACS Retirement	1,181,413.40	49,254.63	1,230,668.03	(4,965.00)	1,225,703.03	60,150.00	1,285,853.03
28330 EICP	(1,898.00)	(1,442.82)	(3,340.82)	0.00	(3,340.82)	0.00	(3,340.82)
28331 CIAC	(2,777,711.57)	(96,793.08)	(2,874,504.65)	(29,943.00)	(2,904,447.65)	(581,889.03)	(3,486,336.68)
28332 Customer Advances	(59,283.32)	1,544.00	(57,739.32)	(2,356.00)	(60,095.32)	0.00	(60,095.32)
28333 Capitalized Interest	(2,772,268.40)	(243,218.08)	(3,015,486.48)	1,179.00	(3,014,307.48)	(159,276.40)	(3,173,583.88)
28335 Connection Fees	8,444.14	0.00	8,444.14	0.00	8,444.14	0.00	8,444.14
28336 Nondeductible Interest	19,867.86	(5,389.44)	14,478.42	0.00	14,478.42	0.00	14,478.42
28337 Supplemental Benefits -SERP	(89,328.46)	(11,826.39)	(101,154.85)	0.00	(101,154.85)	(12,057.51)	(113,212.36)
28338 Nondeductible Vacation	(195,605.00)	0.00	(195,605.00)	0.00	(195,605.00)	0.00	(195,605.00)
28340 LTIP	(24,394.45)	(9,316.51)	(33,710.96)	0.00	(33,710.96)	0.00	(33,710.96)
28341 Waipahu Baseyard Int	(20,452.91)	0.00	(20,452.91)	0.00	(20,452.91)	0.00	(20,452.91)
28347 Waiiau Water Well Pmts	(76,069.44)	4,285.36	(71,784.08)	0.00	(71,784.08)	3,884.36	(67,899.72)
28401 Gen/Auto (& Accidents)	(58,826.48)	23,019.11	(35,807.37)	0.00	(35,807.37)	0.00	(35,807.37)
28403 CWIP Debt Transition	92,903.11	(3,819.77)	89,083.34	0.00	89,083.34	(3,820.07)	85,263.27
28404 CWIP Equity Trans	286,277.56	(13,373.63)	272,903.93	111.00	273,014.93	(11,665.85)	261,349.08
28405 Iolani Ct Plaza Sale	(1,209.85)	(11,572.04)	(12,781.89)	990.02	(11,791.87)	8,284.93	(3,506.94)
28406 Kaonohi Sale	6,942.61	0.00	6,942.61	0.00	6,942.61	0.00	6,942.61
28407 FAS 109 Flow Through	504,384.75	(50,442.34)	453,942.41	0.00	453,942.41	(50,442.34)	403,500.07
28408 Plant Transition	3,162,783.95	(158,137.41)	3,004,646.54	0.00	3,004,646.54	(158,137.41)	2,846,509.13
28409 CWIP Equity Net	2,860,698.60	159,189.09	3,019,887.69	0.00	3,019,887.69	243,147.96	3,263,035.65
28410 CWIP Equity Grossup	1,835,959.83	86,823.21	1,922,783.04	399.00	1,923,182.04	154,754.70	2,077,936.74
28411 CWIP Debt	1,431,256.12	67,517.97	1,498,774.09	0.00	1,498,774.09	116,170.52	1,614,944.61
28412 General/Auto Liability - Legal	(6,027.01)	(2,328.05)	(8,355.06)	0.00	(8,355.06)	0.00	(8,355.06)
28413 Post Retirement Ben	2,777.20	(133,221.79)	(130,444.59)	3,022.00	(127,422.59)	(141,540.05)	(268,962.64)
28414 Reg Liab Federal ITC	(466,222.88)	83,365.31	(382,857.57)	(35.00)	(382,892.57)	75,260.40	(307,632.17)
28418 IRP & DSM Costs	23,567.28	(25,577.73)	(2,010.45)	269.00	(1,741.45)	2,154.09	412.64
28419 Reg Liab Excess 283	(85,741.30)	3,464.64	(82,276.66)	0.00	(82,276.66)	3,464.64	(78,812.02)
28420 Reg Liab Deficit 283	568.95	(568.95)	0.00	0.00	0.00	0.00	0.00
28422 Miscellaneous	611.03	0.00	611.03	0.00	611.03	0.00	611.03
28427 Prepaid Expenses	103,375.99	14,312.10	117,688.09	0.00	117,688.09	0.00	117,688.09
28430 FMB X Premium	43,754.59	(4,007.97)	39,746.62	0.00	39,746.62	(4,007.97)	35,738.65
28434 EEO Claims	(19,652.15)	18,165.27	(1,486.88)	0.00	(1,486.88)	0.00	(1,486.88)
28435 Differential	167,311.43	4,148.96	171,460.39	0.00	171,460.39	(13,107.83)	158,352.56
28436 TIP	(40,563.69)	50,513.89	9,950.20	0.00	9,950.20	0.00	9,950.20
28440 Kalaeloa	4,278.79	5,541.97	9,820.76	0.00	9,820.76	2,770.97	12,591.73
28441 Sun Power	(1,649.28)	1,649.00	(0.28)	0.00	(0.28)	0.00	(0.28)
28442 Overhaul	(13,713.12)	2,076.35	(11,636.77)	0.00	(11,636.77)	2,076.81	(9,559.96)
28508 Substation land - Wilder	(596.00)	596.00	0.00	0.00	0.00	0.00	0.00
28512 Revenue Bond Cost Amort	226,102.58	(24,761.45)	201,341.13	0.00	201,341.13	42,030.57	243,371.70
28514 APPRISE Software	0.00	22,551.00	22,551.00	0.00	22,551.00	0.00	22,551.00
28516 Honolulu Harbor Reserve	(43,839.23)	(62,696.90)	(106,536.13)	12,597.00	(93,939.13)	0.00	(93,939.13)
28520 Deferred Comp - restricted stock	2,259.87	9,049.54	11,309.41	0.00	11,309.41	15,398.43	26,707.84
28522 Knapp lawsuit	(1,203.05)	1,203.50	0.45	0.00	0.45	0.00	0.45
28526 Emissions Fees	(57,357.68)	(2,120.83)	(59,478.51)	0.00	(59,478.51)	0.00	(59,478.51)
28528 Substation land - Kuliuouu	(4,423.04)	1,445.66	(2,977.38)	(900.63)	(3,878.01)	2,401.66	(1,476.35)
28530 AES Hawaii PPA	(8,775.00)	526.49	(8,248.51)	0.00	(8,248.51)	526.49	(7,722.02)
28532 CIS Project Costs	(20,406.75)	(33,301.34)	(53,708.09)	0.00	(53,708.09)	0.00	(53,708.09)
28536 Substation land - Queen Emma	(68,765.45)	42,627.42	(26,138.03)	(6,315.20)	(32,453.23)	16,840.42	(15,612.81)
28538 Rate Case - TY 2005 & 2007	40,644.21	(13,082.52)	27,561.69	7,026.00	34,587.69	34,950.28	69,537.97
28540 Kalaeloa PPA	(12,813.88)	(207.76)	(13,021.64)	0.00	(13,021.64)	1,217.01	(11,804.63)
28542 QUIPS amortization	104,091.30	(4,710.67)	99,380.63	0.00	99,380.63	(4,710.67)	94,669.96
28544 OPEB Exec Life	(484,657.38)	(45,398.03)	(530,055.41)	0.00	(530,055.41)	(50,243.84)	(580,299.25)
28546 Percentage Repairs Allowance	236,847.00	163,694.98	400,541.98	224,742.00	625,283.98	(46,896.91)	578,387.07
28548 Capitalized Interest (D&T)	724,104.00	104,706.44	828,810.44	103,319.00	932,129.44	(66,809.37)	865,320.07

HAWAIIAN ELECTRIC CO., INC.  
DEFERRED INCOME TAXES  
STATE

LIAB (DR)CR	Actual 12-31-05	Actual 2006	Actual 12-31-06	Estimate 2006 Post Year Ends	Revised 12-31-06	Updated 2007	Updated 12-31-07
28550 E-Business hardware	2,276.20	5,072.14	7,348.34	0.00	7,348.34	607.55	7,955.89
28554 Substation Land - Palolo		(2,518.65)	(2,518.65)	0.00	(2,518.65)	530.24	(1,988.41)
28556 Substation Land - Waianae		(6,244.26)	(6,244.26)	0.00	(6,244.26)	1,338.06	(4,906.20)
28558 Aiea Park Place			0.00	0.00	0.00	(7,461.61)	(7,461.61)
28560 Software - OMS			0.00	0.00	0.00	30,574.97	30,574.97
AOCl - Qualified Pension		(7,916,250.46)	(7,916,250.46)	0.00	(7,916,250.46)	433,648.00	(7,482,602.46)
AOCl - NQ Pension	(2,728.31)	(19,870.19)	(22,598.50)	0.00	(22,598.50)	(2,405.00)	(25,003.50)
AOCl - OPEB		(1,421,917.72)	(1,421,917.72)	0.00	(1,421,917.72)	123,743.00	(1,298,174.72)
AOCl - OPEB Exec Life		93,609.38	93,609.38	0.00	93,609.38	20,640.00	114,249.38
<b>TOTAL ACCOUNT 283</b>	<b>13,899,634.53</b>	<b>(9,934,275.46)</b>	<b>3,965,359.07</b>	<b>290,944.61</b>	<b>4,256,303.68</b>	<b>(770,435.61)</b>	<b>3,485,868.07</b>
<b>ACCOUNT 282 DEPR</b>	<b>7,190,668.65</b>	<b>(409,111.70)</b>	<b>6,781,556.95</b>	<b>92,799.00</b>	<b>6,874,355.95</b>	<b>(281,920.84)</b>	<b>6,592,435.11</b>
<b>TOTAL STATE DEFERRED TAX LIABILITY (before rate case adjustments)</b>	<b>21,090,303.18</b>	<b>(10,343,387.16)</b>	<b>10,746,916.02</b>	<b>383,743.61</b>	<b>11,130,659.63</b>	<b>(1,052,356.45)</b>	<b>10,078,303.18</b>
<b>TOTAL ACCOUNT 283</b>	<b>13,899,634.53</b>	<b>(9,934,275.46)</b>	<b>3,965,359.07</b>	<b>290,944.61</b>	<b>4,256,303.68</b>	<b>(770,435.61)</b>	<b>3,485,868.07</b>
<b>LESS RATE CASE ADJUSTMENTS:</b>							
28312 Accrued Vacation	174,464.34	24,788.18	199,252.52	(12,601.00)	186,651.52	(925.29)	185,726.23
28313 Uncollectible Account	(25,425.28)	(39,791.99)	(65,217.27)	0.00	(65,217.27)	0.00	(65,217.27)
28314 Directors Def Comp	(4,711.68)	141.23	(4,570.45)	0.00	(4,570.45)	87.94	(4,482.51)
28317 Discounted Work Comp	(131,170.07)	(19,840.26)	(151,010.33)	0.00	(151,010.33)	0.00	(151,010.33)
28323 Excess Benefit Plan	(79,192.89)	314.42	(78,878.47)	0.00	(78,878.47)	605.19	(78,273.28)
28326 Def Exec Comp (Def LTIP)	(9,861.22)	(640.37)	(10,501.59)	0.00	(10,501.59)	0.00	(10,501.59)
28330 EICP	(1,898.00)	(1,442.82)	(3,340.82)	0.00	(3,340.82)	0.00	(3,340.82)
28336 Nondeductible Interest	19,867.86	(5,389.44)	14,478.42	0.00	14,478.42	0.00	14,478.42
28337 Supplemental Benefits -SERP	(89,328.46)	(11,826.39)	(101,154.85)	0.00	(101,154.85)	(12,057.51)	(113,212.36)
28338 Nondeductible Vacation	(195,605.00)	0.00	(195,605.00)	0.00	(195,605.00)	0.00	(195,605.00)
28340 LTIP	(24,394.45)	(9,316.51)	(33,710.96)	0.00	(33,710.96)	0.00	(33,710.96)
28341 Waipahu Baseyard Int	(20,452.91)	0.00	(20,452.91)	0.00	(20,452.91)	0.00	(20,452.91)
28347 Waiau Water Well Pmts	(76,069.44)	4,285.36	(71,784.08)	0.00	(71,784.08)	3,884.36	(67,899.72)
28348 Nonutil Bad Debt	1,317.69	0.00	1,317.69	0.00	1,317.69	0.00	1,317.69
28401 Genl/Auto (& Accidents)	(58,826.48)	23,019.11	(35,807.37)	0.00	(35,807.37)	0.00	(35,807.37)
28412 Genl/Auto Legal	(6,027.01)	(2,328.05)	(8,355.06)	0.00	(8,355.06)	0.00	(8,355.06)
28434 EEO Claims	(19,652.15)	18,165.27	(1,486.88)	0.00	(1,486.88)	0.00	(1,486.88)
28436 TIP	(40,563.69)	50,513.89	9,950.20	0.00	9,950.20	0.00	9,950.20
28469 IRP & DSM Costs	23,567.28	(25,577.73)	(2,010.45)	269.00	(1,741.45)	2,154.09	412.64
28520 Deferred Comp - restricted stock	2,259.87	9,049.54	11,309.41	0.00	11,309.41	15,398.43	26,707.84
28538 Rate Case - TY 2005 & 2007	40,644.21	(13,082.52)	27,561.69	7,026.00	34,587.69	34,950.28	69,537.97
28544 OPEB Exec Life	(484,657.38)	(45,398.03)	(530,055.41)	0.00	(530,055.41)	(50,243.84)	(580,299.25)
28550 E-Business hardware	2,276.20	5,072.14	7,348.34	0.00	7,348.34	607.55	7,955.89
AFUDC in CWIP	1,080,186.82	125,066.61	1,205,253.43	0.00	1,205,253.43	111,491.09	1,316,744.52
Reg Asset: AFUDC Equity Gross up	250,908.84	(7,022.54)	243,886.30	0.00	243,886.30	29,687.82	273,574.12
<b>STATE DEFD TAX LIABILITY - OTHER</b>	<b>13,571,977.53</b>	<b>(10,013,034.56)</b>	<b>3,558,942.97</b>	<b>296,250.61</b>	<b>3,855,193.58</b>	<b>(906,075.72)</b>	<b>2,949,117.86</b>
<b>STATE DEFD TAX LIAB - ACCEL DEPR</b>	<b>7,190,668.65</b>	<b>(409,111.70)</b>	<b>6,781,556.95</b>	<b>92,799.00</b>	<b>6,874,355.95</b>	<b>(281,920.84)</b>	<b>6,592,435.11</b>
<b>TOTAL STATE DEFERRED TAX LIABILITY (after rate case adjustments)</b>	<b>20,762,646.18</b>	<b>(10,422,146.26)</b>	<b>10,340,499.92</b>	<b>389,049.61</b>	<b>10,729,549.53</b>	<b>(1,187,996.56)</b>	<b>9,541,552.97</b>
			(316,312.70)	(9,716,783.95)			
<b>RATEMAKING ADJUSTMENT:</b>							
AOCl - Qualified Pension	0.00	(7,916,250.46)	(7,916,250.46)	0.00	(7,916,250.46)	433,648.00	(7,482,602.46)
AOCl - NQ Pension	(2,728.31)	(19,870.19)	(22,598.50)	0.00	(22,598.50)	(2,405.00)	(25,003.50)
AOCl - OPEB	0.00	(1,421,917.72)	(1,421,917.72)	0.00	(1,421,917.72)	123,743.00	(1,298,174.72)
AOCl - OPEB Exec Life	0.00	93,609.38	93,609.38	0.00	93,609.38	20,640.00	114,249.38
<b>TOTAL RATEMAKING ADJUSTMENT</b>	<b>(2,728.31)</b>	<b>(9,264,428.99)</b>	<b>(9,267,157.30)</b>	<b>0.00</b>	<b>(9,267,157.30)</b>	<b>575,626.00</b>	<b>(8,691,531.30)</b>
<b>TOTAL</b>	<b>20,765,374.49</b>	<b>(1,157,717.27)</b>	<b>19,607,657.22</b>	<b>389,049.61</b>	<b>19,996,706.83</b>	<b>(1,763,622.56)</b>	<b>18,233,084.27</b>

**Supplement to the June 15, 2007 Filing for HECO T-16**

**Plant Additions**

Changes to the test year estimate for plant additions have been submitted subsequent to the June 2007 Update (filed on June 15, 2007) in various responses to information requests and a filing with the Commission. Page 3 provides a summary of these changes, including references, that result in the revised updated plant additions estimate of \$122,543,000, a net increase of \$971,000 from the \$121,572,000 estimate previously submitted in the June 2007 Update.

The changes are as follows:

- Two of the changes were due to the incorrect input of 2007 as completion dates. The "Community Giveback Project" and the "W5 Exciter/Regulator Replace" projects (items 1 and 6 on page 3) are both scheduled for completion in 2008 and were incorrectly reflected as to be completed in 2007 in the June 2007 Update.
- After a further review of the plant addition estimates for the Ellipse Migration and OMS projects (items 3 and 4 on page 3), the Company determined that the estimates included in the June 2007 Update required revision.
- Due to a change in the estimate for In Kind CIAC (item 5 on page 3), the plant additions estimate was increased to mirror the additional CIAC amounts as is done when In Kind CIAC is actually recorded.
- The Company has reduced 2007 plant additions by the excess AFUDC that was inadvertently accrued due to five projects that were completed in 2006 but not recorded to plant in service until 2007.

**Contributions in Aid of Construction**

The estimate of CIAC for the test year has increased since the previously submitted June 2007 Update. In-Kind CIAC is now estimated to be \$8,833,000, an increase of \$2,366,000 from the previously submitted June 2007 Update estimate of \$6,467,000. The estimate for Cash CIAC has increased by \$266,000 from \$11,840,000 to \$12,106,000. The Company's response to CA-IR-395 provides a detailed explanation of these changes.



**2007 TEST YEAR  
Plant Additions**

**JUNE 2007 UPDATE SUBMITTED JUNE 15, 2007**

**\$121,572,000**

**Changes:**

1	Community Givebacks Project (Y00064/P0001170)	N.1	-\$376,642
2	Excess AFUDC (Various Projects)	N.2	-\$19,127
3	Ellipse Migration (P0001341)	N.3	-\$91,544
4	Revised Estimate for OMS (P0000828)	N.4	-\$11,019
5	Change in In Kind CIAC estimate	N.5	
	Increase to P1700000		\$2,355,000
	Increase to P0001046		\$62,000
	Decrease to P0001357		-\$55,000
6	Reschedule of "W5 Exciter/Regulator Replace " (P0000816)	N.6	-\$892,900

**SUPPLEMENTAL JUNE 2007 UPDATE ESTIMATE**

**\$122,542,768**

- N.1 Completion date of project should have been 2008. See response to CA-IR-307.  
N.2 Excess AFUDC associated with projects that completed in 2006 but were not recorded to plant in service until 2007. See response to CA-IR-311.  
N.3 Overestimate of Ellipse plant additions. See response to CA-IR-392.  
N.4 Overestimate of OMS plant additions. See letter filed with Commission on June 21, 2007 in Docket No. 04-0131.  
N.5 Changes due to updated In Kind CIAC estimate. See response to CA-IR-395.  
N.6 Completion date of project should have been 2008. See response to CA-IR-472.

**Supplement to the June 29, 2007 Filing for HECO T-17**

**Rate Base and Working Cash**

Changes to the test year estimate of rate base have been submitted subsequent to the June 2007 Update in responses to information requests DOD-IR-96 and DOD-IR-97. The Company's response to DOD-IR-96 reflects the most current estimate of the average test year rate base at \$1,201,212,000 at proposed rates. The Company's response to DOD-IR-97 reflects the most current estimate of working cash at \$24,751,000 at proposed rates.

JUNE 2007 UPDATE

**Ref: Tayne S.Y. Sekimura, HECO T-19, Rate of Return on Rate Base**

HECO's composite cost of capital remains at 8.92% as presented in HECO-1901. However, because of the recently issued Decision and Order No. 23226 which is discussed further below, the Company requests that for ratemaking purposes, the common equity for the AOCI charges related to the qualified pension and OPEB plans as of December 31, 2006 and December 31, 2007 be restored. The requested change is a modification to how the equity balance for ratemaking purposes is calculated, and does not result in any change in the equity balance amount for the test year.

On January 26, 2007, the Commission issued Decision and Order No. 23223, which denied the Company's request to record for financial reporting purposes regulatory assets for the amounts that would otherwise be charged to equity. As a result, the Company recorded AOCI charges to equity for pension and OPEB as of December 31, 2006. If the Commission adopts the proposed pension and OPEB tracking mechanisms discussed in the HECO T-10 June 2007 Update, the respective AOCI charges would be reversed prospectively on the date that the Commission adopts the tracking mechanisms.

Attached on page 4 is an updated HECO-1906 which reflects the book 2007 average common equity balance under two scenarios:

1) assuming adoption of the pension and OPEB tracking mechanism which would result in regulatory asset treatment of amounts that would otherwise be charged to AOCI (see column B of the updated HECO-1906) and

2) assuming no adoption of a pension and OPEB tracking mechanism which would result in pension and OPEB AOCI charges (see column C of the updated HECO-1906).

Without the regulatory asset treatment of the amounts that would otherwise be charged to AOCI (i.e., without the adoption of a pension and OPEB tracking mechanism), the annual AOCI charges related to the qualified pension and OPEB will reduce book equity. Thus, based on the estimated AOCI charges related to the qualified pension and OPEB for 2006 and 2007 as presented in direct testimony, the book 2007 average common equity balance will be lower assuming no regulatory asset treatment of the AOCI charges (i.e., no adoption of a pension and OPEB tracking mechanism). If the pension and OPEB tracking mechanisms are not adopted, the Company proposes to restore equity for ratemaking purposes to reverse the AOCI charges that are taken for book purposes.

Note that there is no change in the Test Year 2007 average common equity for ratemaking purposes of \$696,825,000 as presented in direct testimony. In direct testimony the Company had assumed a regulatory asset treatment for the amounts which would otherwise be charged to AOCI, thus there were no AOCI charges reflected in the common equity balance for 2006 and 2007. However, the Company is now proposing the adoption of a pension and OPEB tracking mechanism, which would result in the restoration of equity for both book and ratemaking purposes, thus eliminating any AOCI charges to common equity related to the qualified pension and OPEB for both book and ratemaking purposes.

If, however, the pension and OPEB tracking mechanisms are not adopted (and pension and OPEB AOCI charges to common equity continue for book purposes), it is still proper to restore common equity for the AOCI charges for ratemaking purposes because that is the amount of shareholders' invested funds. Therefore, the ratemaking cost of capital should be based on the equity balance excluding the AOCI charge. If, on the other hand, the AOCI charge is included in ratemaking equity (i.e., not restored), the equity ratemaking balance will fluctuate (higher or lower) depending primarily on the market value of the pension and OPEB plans at the time of measurement.

The AOCI charges significantly impact the total debt/total capital ratio; other ratios are not directly impacted. Attached on pages 5 to 10 are revised total debt/total capital ratios assuming no regulatory asset treatment of the AOCI charges or no adoption of a pension and OPEB tracking mechanism. The lower year-end 2007 common equity balance results in a higher total debt/total capital ratio (see page 5) of 63%, which may negatively impact the Company's credit quality. The total debt/total capital ratio of 63% is indicative of a BB rating (63 in BB range of 60-65). See page 6.

Hawaiian Electric Company, Inc.

	Common Equity 2007 Average (\$ Thousands)	(A)	(B)	(C)
		RATEMAKING Total	Assuming adoption of Pension & OPEB Tracking Mechanism BOOK Total	Assuming NO adoption of Pension & OPEB Tracking Mechanism BOOK Total
	WP Reference			
Book Common Equity as of December 31, 2005	WP-1906, p.1	\$ 655,544	\$ 655,544	\$ 655,544
Restoration	WP-1906 p.2	523	-	-
Reversal of AOCI adj related to nonqualified plans		28	-	-
Common Equity Investment as of December 31, 2005		656,095	655,544	655,544
2006 Estimated Net Change in Retained Earnings	HECO-1907	27,998	27,998	27,998
2006 Est AOCI adj - Qualified Pension & OPEB, net of tax	HECO-1021 & 1022 (Direct)	(114,570)	(114,570)	(114,570)
Restoration of 2006 AOCI adj - Qualified Pension & OPEB		114,570	114,570	
2006 Est Net AOCI adj related to Exec Life, net of tax		944	944	944
Reversal of 2006 AOCI adj for Ratemaking		(944)	-	-
Common Equity as of December 31, 2006	(A)	684,093	684,486	569,916
2007 Estimated Net Change in Retained Earnings	HECO-1907	25,465	25,465	25,465
2007 Est AOCI adj - Qualified Pension & OPEB, net of tax	HECO-1021 & 1022 (Direct)	(4,789)	(4,789)	(4,789)
Restoration of 2007 AOCI adj - Qualified Pension & OPEB		4,789	4,789	
2007 Est Net AOCI adj related to Exec Life, net of tax		487	487	487
Reversal of 2007 AOCI adj for Ratemaking		(487)	-	-
Common Equity as of December 31, 2007	(B)	\$ 709,558	\$ 710,438	\$ 591,079
Test Year 2007 Average = [(A)+(B)]/2		\$ 696,825		
Book 2007 Average = [(A)+(B)]/2			\$ 697,462	\$ 580,497

Totals may not add exactly due to rounding.

Hawaiian Electric Company, Inc.  
**Financial Ratios**

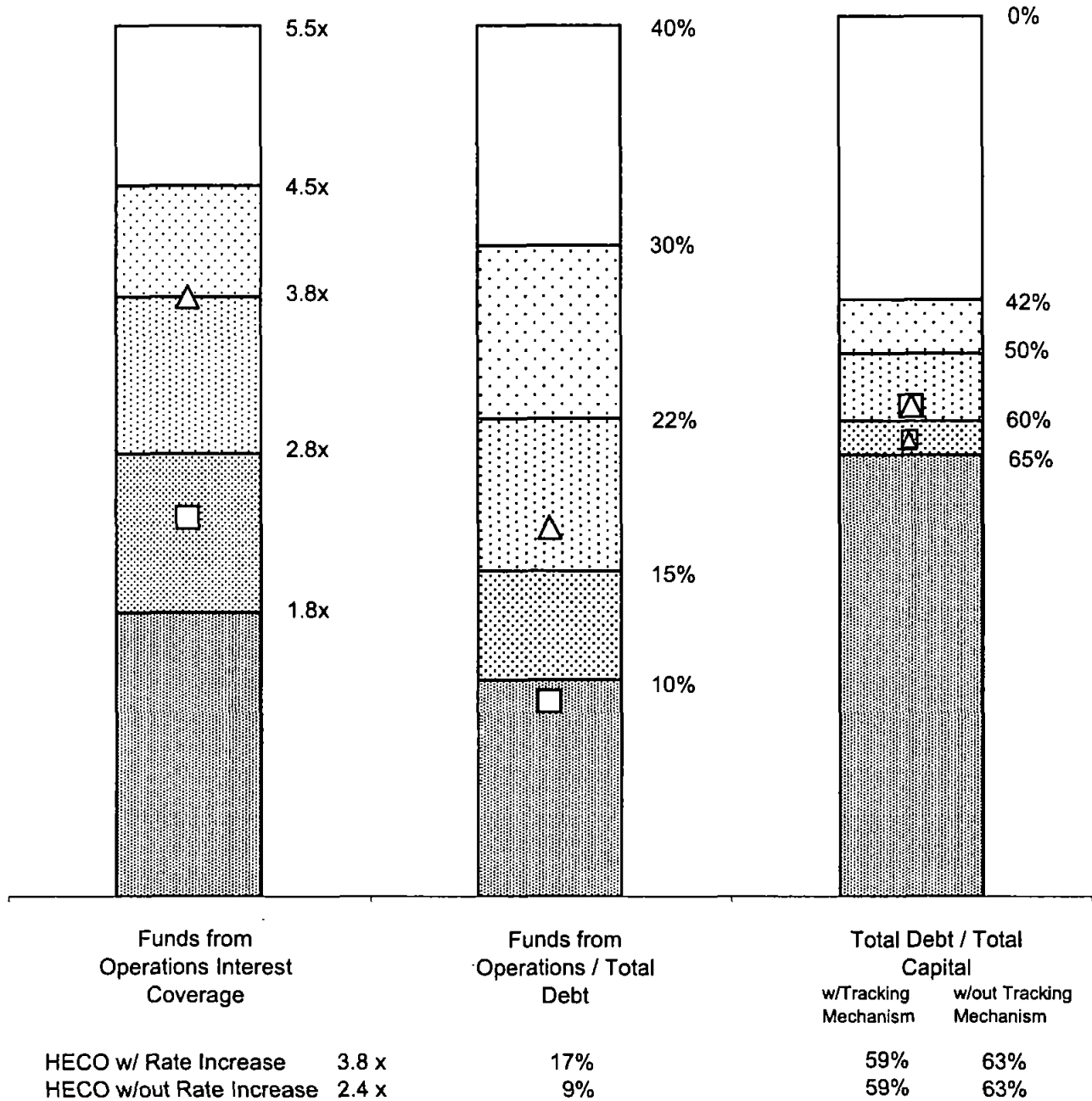
	NO Rate Increase		WITH Rate Increase	
	w/ adoption of Pension & OPEB Tracking Mechanism	w/out Pension & OPEB Tracking Mechanism	w/ adoption of Pension & OPEB Tracking Mechanism	w/out Pension & OPEB Tracking Mechanism
<b><u>Test Year 2007</u></b>				
Funds from Operations Interest Coverage *	2.44 x	2.44 x	3.81 x	3.81 x
Funds from Operations / Average Total Debt *	9%	9%	17%	17%
Total Debt / Total Capital *	59%	63%	59%	63%
Total Debt / Total Capital without Purchased Power Debt Equivalent	45%	49%	45%	49%
<b><u>2005 Actual</u></b>				
Total Debt / Total Capital *	57%			
Total Debt / Total Capital without Purchased Power Debt Equivalent	47%			

\* These ratios take into account the debt equivalent (off-balance sheet purchased power and operating lease obligations), and related implied interest and implied depreciation.

## Financial Ratios in Comparison to S&P Rating Guidelines

Business Profile = 5

HECO-1913  
 DOCKET NO. 2006-0386  
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- AA
- A
- ▣ BBB
- ▣ BB
- ▣ Below BB
- △ HECO with Rate Increase
- HECO without Rate Increase



**Adjusted CE assuming no Pension & OPEB Tracking Mechanism**

Hawaiian Electric Company, Inc.  
Test Year 2007

**Total Debt / Total Capital**  
NO Rate Increase & WITH Debt Equivalent  
Based on 11.25% Earned Return on Common Equity

	<u>\$ in thousands</u>	<u>HECO Reference</u>
<u>Capitalization Balances at Year-End:</u>		
Total Debt:		
Short-term Debt	0	1902
Long-term Debt <sup>1</sup>	549,800	1903 & WP-1903, p.6
Hybrid Securities <sup>2</sup>	31,546	1904
Total Debt	581,346	
OBS Debt (50%) - Purch Pwr Commitments <sup>3</sup>	453,690	May 2007 Update
OBS Debt - Operating Leases <sup>3</sup>	15,361	Per calculation from Budgets Division
Revised Total Debt	1,050,397 A	
Preferred Stock <sup>2</sup>	22,293	1905
Common Stock	591,079	1906 (June 2007 Update)
Total Capital	1,663,769 B	
Total Debt / Total Capital Ratio (A)/(B)	0.63	

<sup>1</sup> Net of unamortized discount on outstanding revenue bonds.

<sup>2</sup> Excludes unamortized costs.

<sup>3</sup> Off-balance sheet (OBS) debt is not reflected in the book numbers. Represents the imputed debt of the Company's purchased power commitments and operating leases.

**Adjusted CE assuming no Pension & OPEB Tracking Mechanism**

Hawaiian Electric Company, Inc.  
Test Year 2007

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**Total Debt / Total Capital**

NO Rate Increase & WITHOUT Purchased Power Debt Equivalent  
Based on 11.25% Earned Return on Common Equity

	<u>\$ in thousands</u>	<u>HECO Reference</u>
<u>Capitalization Balances at Year-End:</u>		
Total Debt:		
Short-term Debt	0	1902
Long-term Debt <sup>1</sup>	549,800	1903 & WP-1903, p.6
Hybrid Securities <sup>2</sup>	31,546	1904
Total Debt	<u>581,346</u>	
OBS Debt (0%) - Purch Pwr Commitments <sup>3</sup>	0	
OBS Debt - Operating Leases <sup>3</sup>	15,361	Per calculation from Budgets Division
Revised Total Debt	<u>596,707</u> A	
Preferred Stock <sup>2</sup>	22,293	1905
Common Stock	591,079	1906 (June 2007 Update)
Total Capital	<u><u>1,210,079</u></u> B	
Total Debt / Total Capital Ratio (A)/(B)	<u>0.49</u>	

<sup>1</sup> Net of unamortized discount on outstanding revenue bonds.

<sup>2</sup> Excludes unamortized costs.

<sup>3</sup> Off-balance sheet (OBS) debt is not reflected in the book numbers. Represents the imputed debt of the Company's purchased power commitments and operating leases.

**Adjusted CE assuming no Pension & OPEB Tracking Mechanism**

Hawaiian Electric Company, Inc.  
Test Year 2007

HECO-WP-1913  
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**Total Debt / Total Capital**  
WITH Rate Increase & WITH Debt Equivalent  
Based on 11.25% Earned Return on Common Equity

	<u>\$ in thousands</u>	<u>HECO Reference</u>
<u>Capitalization Balances at Year-End:</u>		
Total Debt:		
Short-term Debt	0	1902
Long-term Debt <sup>1</sup>	549,800	1903 & WP-1903, p.6
Hybrid Securities <sup>2</sup>	31,546	1904
Total Debt	<u>581,346</u>	
OBS Debt (50%) - Purch Pwr Commitments <sup>3</sup>	453,690	May 2007 Update
OBS Debt - Operating Leases <sup>3</sup>	15,361	Per calculation from Budgets Division
Revised Total Debt	<u>1,050,397</u> A	
Preferred Stock <sup>2</sup>	22,293	1905
Common Stock	591,079	1906 (June 2007 Update)
Total Capital	<u>1,663,769</u> B	
Total Debt / Total Capital Ratio (A)/(B)	<u>0.63</u>	

<sup>1</sup> Net of unamortized discount on outstanding revenue bonds.

<sup>2</sup> Excludes unamortized costs.

<sup>3</sup> Off-balance sheet (OBS) debt is not reflected in the book numbers. Represents the imputed debt of the Company's purchased power commitments and operating leases.

**Adjusted CE assuming no Pension & OPEB Tracking Mechanism**

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DOCKET NO. 2006-0386  
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Hawaiian Electric Company, Inc.  
Test Year 2007

**Total Debt / Total Capital**  
WITH Rate Increase & WITHOUT Purchased Power Debt Equivalent  
Based on 11.25% Earned Return on Common Equity

	<u>\$ in thousands</u>	<u>HECO Reference</u>
<u>Capitalization Balances at Year-End:</u>		
Total Debt:		
Short-term Debt	0	1902
Long-term Debt <sup>1</sup>	549,800	1903 & WP-1903, p.6
Hybrid Securities <sup>2</sup>	31,546	1904
Total Debt	<u>581,346</u>	
OBS Debt (0%) - Purch Pwr Commitments <sup>3</sup>	0	
OBS Debt - Operating Leases <sup>3</sup>	15,361	Per calculation from Budgets Division
Revised Total Debt	<u>596,707</u> A	
Preferred Stock <sup>2</sup>	22,293	1905
Common Stock	591,079	1906 (June 2007 Update)
Total Capital	<u><u>1,210,079</u></u> B	
Total Debt / Total Capital Ratio (A)/(B)	<span style="border: 1px solid black; padding: 2px;">0.49</span>	

<sup>1</sup> Net of unamortized discount on outstanding revenue bonds.

<sup>2</sup> Excludes unamortized costs.

<sup>3</sup> Off-balance sheet (OBS) debt is not reflected in the book numbers. Represents the imputed debt of the Company's purchased power commitments and operating leases.